



Department of Justice

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Borden Sentenced for Telemarketing Fraud

Albany, New York – Andrew T. Baxter, United States Attorney for the Northern District of New York, announced that, on December 3rd, JOEL BORDEN was sentenced by Senior U.S. District Judge Lawrence E. Kahn to be imprisoned for 56 months, to be followed by supervised release for 5 years, to pay \$106,069.70 restitution, and to pay a fine of \$100,000. The sentence was the consequence of BORDEN's conviction, upon his guilty plea, of wire fraud in connection with the conduct of telemarketing that targeted and victimized ten or more persons over the age of 55, in violation of 18 U.S.C. §§ 1343, 2326, and 2. At the time of his guilty plea, BORDEN admitted that:

BORDEN was the owner of companies known as Borden National Merchant Services and National Fulfillment Center, as well as 3747051 Canada, Inc., and a point of contact with a payment processing company for companies known as Med Tech and Premium Benefits, and he utilized these companies to participate in a scheme to defraud people of money via telemarketing. BORDEN resided in Montreal, Quebec, Canada, and conducted his telemarketing businesses from there, employing or contracting with other telemarketers and support personnel there and in India. BORDEN and others working for and with him obtained lead lists and: contacted people all over the United States by telephone calls in interstate and foreign commerce; offered services and/or products

that were not intended to be provided and were not provided, or misrepresented the utility and value of such services and/or products; and obtained preauthorized draft checks that did not require the account holders' signatures and were either deposited into bank accounts of the Defendant's telemarketing companies or went through a third party payment processing company which wire transferred the funds, less processing fees, to the Defendant's telemarketing companies. BORDEN and others working for and with him and acting in furtherance of the scheme to defraud also obtained "full data lead lists" containing individual names, addresses, and telephone numbers, with bank names, bank routing numbers, and bank account numbers, and then engaged in conduct known as "slamming the lists," in that they used the listed information and a verification call from a prior telemarketing transaction to have money transferred from the accounts of listed persons to accounts associated with BORDEN without ever talking to, seeking, or obtaining an order or other authorization from the account holder. Because these lead lists were sold and used by multiple companies, account holders or their guardians sometimes became aware of the fraudulent activity and had the accounts closed or the transactions stopped.

In about March of 2005, BORDEN caused to be opened merchant processing accounts in the names of Med Tech and Premium Benefits, companies from which he obtained fraudulent telemarketing orders and processed them for payment. Callers for Med Tech and National Fulfillment Center claimed to be selling medical or health care discount cards which were represented to afford discounts for medical care and prescribed pharmaceuticals. Callers for Premium Benefits claimed to be selling an identity theft protection program, that really was comprised only of information about how to find out whether one was an identity theft victim and how to prevent that. Callers targeted elderly people, over 55 years old. During the period of March

of 2005 through February of 2006, 6,247 deposit transactions in the form of bank drafts were processed by one company for Med Tech. The deposits generally were for about \$399 each, but 5,016 of the transactions (about 80%) were returned for insufficient funds, because the account had been closed, or because the transfer had not been authorized. From the remaining 1231 transactions, however, Med Tech and the Defendant realized approximately \$491,000. During this same time period, the same company processed 10,008 deposit transactions for Premium Benefits, also in the form of bank drafts. Of these deposits, 7,658 (or about 76%) of the transfers were returned. As a result of the remaining 2350 transactions, Premium Benefits and the Defendant realized approximately \$151,000, most of which was transferred by wire from Ohio to a Citizens Bank account in Albany, New York, in the name of Borden National Merchant Services, a company owned by BORDEN.

In about January of 2007, BORDEN opened an account at HSBC Bank in Plattsburgh, New York, with himself and National Fulfillment Center as account holders. The account remained dormant until about June of 2007, when it began receiving many deposits from banks throughout the United States, including California, Mississippi, and Maryland, via interstate wire communications of funds, generally in the amount of about \$400. In about September of 2007, large numbers of these transactions began to be returned, generally for insufficient funds, because the accounts had been closed, or because the checks were found to be counterfeit. About 200 deposits were returned, in a total amount of approximately \$75,000. Inquiries into the returned deposits revealed that account holders generally were elderly (well over 55 years old), infirm, or both. When HSBC froze the account, BORDEN telephoned from Canada to inquire and explained that: National Fulfillment was engaged in selling healthcare discount cards; it used a company in South Carolina

to do “phone bursts” (that is, to make phone calls with recorded sales messages), which were then routed, if the customer was interested, to India, where sales representatives took their order information; and that the company also used a website to recruit customers.

On October 3, 2007, BORDEN traveled to the HSBC office in Plattsburgh, and repeated that he used “phone bursts” and the website to sell healthcare discount cards. BORDEN said he had purchased the cards from a company at a discount, but eventually admitted that he had no arrangement with the company, and admitted that people who had paid for discount cards had not received anything for their money.

On or about September 5, 2007, for the purpose of executing his scheme to defraud, BORDEN caused to be transmitted in foreign commerce a wire communication, namely the transmission of \$500 from his account in HSBC Bank, Plattsburgh, New York, in the name of the National Fulfillment Center, to an account in Montreal, Quebec, Canada.

The case was investigated by Bureau of Immigration and Customs Enforcement (ICE) of the Department of Homeland Security and the Albany Division of the Federal Bureau of Investigation.

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